



*United States Attorney
Southern District of New York*

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**MANHATTAN GALLERY OWNER AND MANAGER PLEAD GUILTY TO U.S.
MAIL AND WIRE FRAUD CHARGES IN VAST ART FORGERY SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, today announced that ELY SAKHAI, owner of a lower Manhattan art gallery known as "Exclusive Art," and HOUSHI SANDJABY, the gallery's office manager, pled guilty to fraud charges in connection with an international art forgery scheme that has spanned at least 15 years. In addition, SAKHAI agreed to pay \$12.5 million and to forfeit 11 paintings (listed below) in satisfaction of restitution and forfeiture obligations.

According to the Indictment, SAKHAI and SANDJABY defrauded art purchasers by selling them forgeries of paintings by master artists representing primarily the Impressionist, post-Impressionist and modern periods, such as Marc Chagall, Amedeo Modigliani, Pierre-Auguste Renoir, Paul Klee and Paul Gauguin.

According to the Indictment, in the defendants' scheme, SAKHAI would initially purchase authentic works of art and would

hire artists who he and SANDJABY directed to create copies of the art works. According to the Indictment, SAKHAI and SANDJABY attempted to make the forgeries appear indistinguishable from the authentic works by instructing the artists to include in the copies all facets of the original, including, for example, markings on the back of the canvas and frame. SAKHAI and SANDJABY at times also arranged for a special coating to be applied to the finished forgeries, and for the frames to be constructed and altered, in order to make them appear as if they had been made decades earlier, according to the Indictment.

According to the Indictment, SAKHAI and SANDJABY further induced purchasers into believing that the forgeries were authentic through, among other things, providing "certificates of authenticity," which were at times also forged. Between 1994 and 1996, SAKHAI sold works which he represented to be Pierre-Auguste Renoir's "Jeune Femme S'Essuyant," Marie Laurencin's "Jeune Fille a Mandolin" and Marc Chagall's "L'Inspiration a L'Artiste" and "Vase de Fleurs avec Coq et Lune" to one art gallery in Tokyo, Japan, providing the gallery with purported certificates of authenticity for each painting. In or about 1995, SAKHAI sold a forgery of Chagall's painting known as "Les Maries au Bouquet de Fleurs" to an art gallery in Taipei, Taiwan, also providing the buyer with a purported certificate of authenticity. According to the Indictment, SAKHAI subsequently sold, attempted to sell, or

remained in possession of a "second version" of each of these paintings. The Indictment also charges that, in connection with at least two transactions, SAKHAI and SANDJABY misled potential buyers into believing that the forged works were authentic by falsely claiming that Citibank was involved in the sale and that the paintings were pledged as collateral for Citibank loans. The Indictment alleges that SAKHAI, SANDJABY and others working with them impersonated Citibank representatives in connection with the sale of forgeries, and delivered bogus documents purporting to be executed on behalf of the bank.

According to the Indictment, years after selling the forgeries, SAKHAI and SANDJABY would then attempt to sell the authentic paintings through public auction without disclosing their own prior sales of one or more forgeries of the same work. In many instances, unwitting purchasers of the forgeries offered their own paintings for resale by putting them up for auction with the major auction companies and, according to the Indictment, both the forgery and the authentic paintings sometimes appeared at competing auction houses. Such was the case for Paul Gauguin's "Vase de Fleurs (Lilas)," when the forgery (which SAKHAI had sold in 1997 to an individual in Tokyo, Japan, and was consigned by a subsequent purchaser to Christie's for its May 2000 auction), and the authentic (which SAKHAI had kept and consigned to Sotheby's for its May 2000 auction several years after he had sold the forgery in Japan) appeared at the auction houses simultaneously. After

representatives of Sotheby's and Christie's learned of the two versions of what appeared to be the same Gauguin, an expert examined them side by side and concluded that the one that the Tokyo individual purchased in 1997 was a forgery, the Indictment alleges.

SAKHAI, age 52, resides in Old Westbury, New York. SAKHAI pled guilty to one count of conspiracy and faces a maximum sentence of 5 years' imprisonment and a fine of \$250,000 or twice the gross gain or loss resulting from the offense. SAKHAI also pled guilty to one substantive count of wire fraud and he faces a maximum penalty of 20 years in prison and a \$2 million fine or twice the gross gain or loss resulting from the crime.

SANDJABY, age 70, resides in Old Westbury, New York. SANDJABY pled guilty to one count of conspiracy. He faces a maximum sentence of 5 years imprisonment and a fine of \$250,000 or twice the gross gain or loss resulting from the offense.

United States District Judge LORETTA A. PRESKA scheduled SAKHAI'S and SANDJABY's sentencing for July 5, 2005.

Mr. KELLEY praised the investigative efforts of the FBI and said that the investigation is continuing.

Assistant United States Attorneys JANE A. LEVINE and VIRGINIA L. CHAVEZ are in charge of the prosecution.

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Forfeited Paintings

- 1) one painting by Marc Chagall titled,
"L'Inspiration de la Artiste"
- 2) one painting by Marc Chagall titled, "Descente de
la Croix"
- 3) one painting by Moise Kisling titled "Nu"
- 4) one painting by Marc Chagall titled "Bouquet de
Lillium"
- 5) one painting by Marc Chagall titled "Rabbi and
Torah"
- 6) one painting by Marie Laurencin titled "Portrait
de Ruban Rose"
- 7) one painting by Maurice Vlaminck titled "Vase de
Fleurs"
- 8) one painting by Bernard Buffet titled "Le Coq
Rouge"
- 9) one painting by Georges Rouault titled "Beau
Conferencier L'Union Sacree"
- 10) one painting by Pierre-Auguste Renoir title "Etude
Jeune Femme"
- 11) one painting by Maurice Vlaminck titled "Paysage
Au Toit Rouge"